

Governor Kathleen Babineaux Blanco
Louisiana First Agenda
2005 Legislative Priorities
April 25, 2005

Supporting Our Citizen Soldiers

"We must ease the burden carried by our citizen soldiers and their families. I'm supporting a bill allowing taxpayers to check a box on their state tax returns to donate to a support fund for soldiers and their families. These heroes and their families deserve our support." –Governor Blanco

Military Support Fund (SB 216 Dupre) - Governor Blanco supports legislation allowing taxpayers to check a box on their state tax returns to donate to a support fund for soldiers and their families. We must ease the burden carried by our citizen-soldiers and their families.

Educating our citizen soldiers (HB 775 Barrow) - Governor Blanco also supports legislation extending the current state education benefits to soldiers who re-enlist in the Louisiana National Guard. This action would extend current postsecondary tuition exemptions to those who re-enlist in the Guard.

Creating a Better, More Efficient Health Care System

"Just like a person who faces a health care crisis, the cure for our health system is long term and follows a specific care plan. In much the same way, Louisiana's health care crisis was a generation in the making and will not be fixed with one quick shot. Reform demands a long term, deliberate plan." –Governor Blanco

Helping the Uninsured (HB565 Durand) - Governor Blanco supports legislation to allow DHH to explore the feasibility of using the state's disproportionate share hospital (DSH) funding to create a funding pool to provide care to the uninsured. This will be done through a Medicaid demonstration waiver approved by the Centers for Medicare and Medicaid Services.

Gov. Blanco knows that local solutions are the best solutions to health care problems. She will ask the Legislature to give DHH the authority to seek federal approval to allow communities to leverage their local funds for federal match. Local communities would then invest those funds in local solutions to their particular health care problems. This will be a first for Louisiana. This is about empowering communities to plan, fund and control their destiny.

The purpose of this demonstration waiver will be to improve the delivery of health care services to uninsured citizens of Louisiana, and to increase the number of individuals with comprehensive health care coverage through the use of DSH funds. This will be accomplished through regional cooperation.

The funding pool will be used to: expand the availability of primary and preventive care; provide health insurance coverage to the uninsured; meet the state's disease management goals; and enhance the existing use of DSH funds.

The waiver requires legislative approval because it will be accomplished by amending the state's HIFA Waiver. Per Louisiana law, the Legislature must approve the creation of or changes to our Section 1115 waivers, including HIFA.

Long-Term Care Reform

Licensing (HB 528 Doerge) - Governor Blanco supports transferring licensing authority for providers of Personal Care Attendant, Supervised Independent Living, and Respite services from DSS to the Health Standards Section within DHH.

Consolidating long-term service licensing within DHH improves efficiency and regulatory effectiveness. These are services currently funded by Medicaid.

MR/DD Law (SB 190 Broome) - This legislation will update, clarify, and reorganize the law on services for the mentally retarded and developmentally disabled.

Overdue for 20 years, this will lay the foundation for a culture change in state MR/DD services to focus on consumer needs and demands and facilitate the move to home and community-based services.

This revision has been developed over the last year with close cooperation from consumers and providers of MR/DD services.

Direct Service Worker Task Authority (HB 697 M. Guillory) - Governor Blanco believes the current nursing shortage requires innovative solutions for delivering health care to the elderly and those with disabilities. She supports legislation to permit direct service workers in limited settings to perform selected health care tasks with oversight and training by a registered nurse.

The current shortage of registered nurses prevents many of our aging and disabled from receiving basic medical care. This type of assistance is often hard to obtain, especially in rural areas.

The law will provide for specific training developed by DHH and the Board of Nursing. Registered nurses will also have to train these workers on the specific condition and medical needs of each individual patient. Depending upon the patient's

condition, the RN will review the plan regularly to ensure quality.

The Board of Nursing drafted the legislation and fully supports the move, along with advocates for patients hoping to stay home.

This bill does not cover services provided in assisted living facilities, nursing homes, developmental disability centers, adult day health care, developmental disability workshops or day habilitation programs.

Registry for Direct Service Workers (SB 271 McPherson) - Governor Blanco supports creating a registry for direct service workers.

The primary purpose is to address concerns about patient safety in developing options for home and community care. Workers must prove they have completed required training and a background check before they can be listed. This will help prevent workers who have been convicted of abuse, neglect, or exploitation from continuing to work. The registry will be easily accessible by consumers.

Office for Elderly Long-term Care Services (Resolution Bajoie) - Governor Blanco supports a resolution that would direct DHH to plan and implement an office by the end of 2006 that will have full responsibility for programs and budgets involving long-term care for the elderly.

Creating this office requires no new positions or resources.

This will allow DHH to streamline existing resources and dedicate them to elderly services at the highest level of administration. The majority of our Medicaid dollars are spent on long-term care. That money must be managed well. This office will work to coordinate long-term care services in the most effective and efficient manner possible.

Preventive Care

Healthy Vending in Schools (SB 146 Bajoie) - We know that healthy choices will give us healthier children.

Poor nutrition and a lack of physical activity are not only related to obesity but also to lower academic achievement. Studies show that meeting our students' basic nutrition needs improves their academic success.

We also know that removing junk food and soft drinks from school vending machines can lower the obesity rate. For those reasons, Governor Blanco supports legislation that will allow only healthy snacks and beverages to be sold in school vending machines.

Estimates on the extent of weight problems among students vary greatly, though consensus indicates that 1 in 3 Louisiana youth live above the normal weight range for their ages. Currently, 75% of drinks and 85% of snacks sold in school vending machines have poor nutritional value.

Several states have passed similar bills this year and in past years, including Oklahoma, Kentucky, Arizona and California.

There is significant support in Louisiana for this legislation -- from medical professional associations to teachers, parents and students.

Cost Containment

Preferred Drug List (HB 369 Durand) - Drugs used to treat Hepatitis C, schizophrenia, and mental illness are not eligible for the Medicaid preferred drug list. This legislation will give the Louisiana Medicaid Pharmaceutical and Therapeutics Committee the power to review drugs in these classes for inclusion on the preferred list.

Making these drugs eligible for the preferred list will have no adverse impact on patient care. Should a drug be excluded from the list, it will still be available to the Medicaid population, but will be subject to Medicaid prior authorization. When approved under the prior authorization procedure, the drug remains available at the discretion of the provider.

Including these drugs on the preferred list will save Louisiana an estimated \$11.1 million annually.

Creating a Better Education System for Every Louisiana Child

“All Louisiana families deserve our support when it comes to strengthening our economy so that every person who wants to work has a good paying job. The foundation of that kind of economy is a good quality education system and we’re working on that with great success.

“In my 22 years of government service, I never heard these words in the same sentence: Louisiana ... Education ... Excellence. But we’re hearing them now.” –Governor Blanco

Improve Teacher Pay (HB 436, HB 437, HB 502, HB 608 Hammett). *Education Week* has ranked Louisiana first in the nation for our efforts to improve teacher quality. Last year, we were eighth in the nation in the number of new nationally board-certified teachers. Louisiana’s accountability programs are generating remarkable success in our school systems. Recent results show far more schools are improving and far fewer are failing.

To maintain that exciting momentum, one of Governor Blanco's top priorities this session is to give our public school teachers a meaningful pay raise. Governor Blanco believes that we've asked a lot of our teachers, and they are producing positive results. She believes that our hardworking teachers deserve an average pay increase of at least \$1,000 and is asking the Legislature to increase revenues from sales of tobacco, beer, alcohol and gambling to fund this raise.

In times of fiscal difficulty, it is never easy to talk about raising salaries. However, to continue long-term educational improvements in Louisiana, we must be able to attract, retain and reward our teachers. These educational improvements may be costly, but the cost of not making them is much greater.

For the 2003-2004 school year, Louisiana ranked 14th of the 16 SREB states in teacher pay, with an average salary of \$38,300. The average SREB state teacher salary that same year was \$41,398 and the average U.S. teacher salary was \$46,726. Louisiana teachers are paid \$3,100 less than the average Southern state teacher, and \$8,400 less than the national average.

Implement High School Redesign (HB 434 Crane). This effort will allow us to increase the number of students *dropping in* to postsecondary education programs and decrease the numbers who are *dropping out* of high schools.

High school redesign will require all high schools to create rigorous academic and career pathways to keep their students enrolled and earning Work Ready Certificates, and/or Industry Based Certifications, and High School diplomas. We will focus on dual enrollment with postsecondary institutions to end the wasted high school senior year and identify the most effective and efficient ways for students to easily transition from secondary to postsecondary education and/or the workplace.

Invest an additional \$20 million in Quality Pre-K. To give our kids a smart start, Governor Blanco is also challenging the Legislature to invest another \$20 million in LA-4, our nationally acclaimed pre-K program for at-risk pre-schoolers.

Last year, the Governor and the Legislature maintained funding for LA-4. This year, she wants to expand the program. This additional investment in school readiness will allow us to include another 4,000 preschoolers in the program. The additional funds will provide nearly every at-risk four-year-old in Louisiana the opportunity to participate in a quality early care and learning program.

Study after study shows reaching and teaching children early equals success in school and later in life.

Creating Jobs, Building a Stronger Economy

"I spent much of my first year in office building Louisiana's economy. We began cutting taxes on business by a billion dollars and were aggressive in going after new business. Our work paid off. In the last 12 months, four companies have announced investments of at least \$100 million each on new plants or major expansions in Louisiana.

"Union Tank Car is bringing 850 quality jobs to Central Louisiana. The Roy O. Martin Lumber Company chose to stay home in Louisiana for a \$235 million two-plant expansion. General Motors is spending \$250 million in Shreveport for the new H-3 assembly plant. Shintech's new \$1 billion chemical plant will create 2,000 construction jobs and 150 high-paying permanent jobs.

"My legislative package for the coming legislative session builds on those successes." –Governor Blanco

Exempt sales tax on rail rolling stock repair (HB 78 Lafleur). This was part of the agreement with Union Tank Car, in exchange for their agreeing to maintain the employment at the Ville Platte repair facility for five years.

Amend the Major Projects Authority (HB 462 Hammett). We have taken steps in the past to position Louisiana to be competitive with other states in the effort to recruit major manufacturers in such fields as auto or aircraft manufacturing. Yet, while Louisiana is improving efforts in this area, so are other states.

We must continue our commitment to have the best possible resources in our efforts to actively participate in a highly competitive economic development environment. The current threshold for capital investment is too high, and we must lower it so that Louisiana can fully take advantage of mega projects opportunities. However, we will not lower the bar for jobs.

Allow industry assistance and tax equalization to be used to encourage retention and modernization of existing Louisiana companies (HB 795 Hammett). If a company is planning to leave, or is in desperate need to modernize its equipment, the state has no "tool" to work with, other than infrastructure dollars. Allowing this change is imperative to retaining and providing much-needed help to those companies who are already a vital part of our economy.

Provide for an angel investment incentive by allowing tax credits during the early stages of investment (HB 627 Hammett). The state must be more aggressive about encouraging entrepreneurial early stage investments by wealthy Louisianans into homegrown Louisiana companies, specifically high growth start up companies. Allowing a 50% tax credit over five years for Louisiana companies in all industries in the early stages of investment will spark that much-needed growth.

Correct corporate income tax structure to eliminate penalties on companies headquartered in Louisiana (HB 679 Hammett). We must restructure the tax code to encourage businesses to locate their headquarters within our borders and to retain existing

Louisiana headquarters. The current tax structure penalizes companies for their investment in Louisiana and causes double taxation of companies headquartered in our state by taxing non-business income differently than other states. Non-business income consists of income from interest, dividends, and capital gains.

By proposing an initiative that eliminates taxation on interest and dividends, and getting in line with other states to apportion income from capital gains, Governor Blanco is proposing to make Louisiana a friendlier place for company headquarters and the high-paying jobs associated with them. This bill also addresses the apportionment formula for certain multi-state companies' corporate income tax by proposing a sales factor only apportionment formula. This provision provides an opportunity for Louisiana to be proactive, instead of reactive in corporate income tax reform. By supporting these measures, we will be sending a resounding message that Louisiana supports its companies with substantial and meaningful corporate tax policies.

Continue to encourage the development of our film industry (HB 731 Hammett).

Our film incentives are success. We must now encourage the formation of a permanent industry in Louisiana. The film industry creates thousands of *new* high-paying job opportunities to Louisiana citizens, and we must continue to support this type of investment in our state, while focusing on fiscally responsible ways to ensure the program's success. Governor Blanco's proposal focuses on in-state investment, encourages Louisiana-based infrastructure, and proposes an optional credit that can be refundable by the state at a discounted value. This would be a "win-win" to make the program easier to use by and just as valuable for producers and cheaper for the taxpayers.

Impose fuel tax at the refinery (HB 599 Hammett). Governor Blanco has proposed legislation moving the collection of motor fuel taxes on gasoline and special fuels to the fuel terminals. Collecting the tax at the terminal is more efficient and will decrease opportunities for tax avoidance. This legislation will not raise taxes. By reducing fraud and inefficiency in the system, the state should collect an additional \$15-20 million per year that will go into the Transportation Trust Fund and will be used to improve our infrastructure.

Improve safety at railroad crossings (SB 207 Lentini). Louisiana has more railroad crossings than almost any state in the nation. This high number of railroad crossings demands that we give special attention to ensuring the safety of crossings. While driver education and awareness is crucial to limiting fatal accidents at these crossings, the state, the parishes and municipalities all must work together to improve the safety at those railroad crossings that have inadequate warnings.

Governor Blanco proposes changes in law that would require a local municipality to either close a dangerous railroad crossing or install a mechanical crossing guard when directed to do so by the Department of Transportation and Development. She has also encouraged railroads to increase funding for improving signs and signals at crossings.

Saving America's Wetlands and Protecting Our Environment

"Louisiana provides the nation with much of its offshore oil and gas supply and plays a key role in this country's economic and energy security. Louisiana is proud to contribute to the energy needs of this great nation. There are costs, however, that go along with the national benefits we provide. These are costs too great for any one state to bear alone -- costs to our environment and costs to maintain onshore infrastructure that supports offshore energy activities.

"Sharing federal Outer Continental Shelf oil and gas revenues with producing states like Louisiana is the obvious and appropriate way to provide the steady stream of revenue needed to mitigate the effects of this production.

"In Louisiana's case, stemming an annual loss of coastal wetlands at the rate of 24 square miles a year requires the kind of steady, dependability only this type of revenue sharing would provide." –Governor Blanco

Dedicate funding to coastal restoration efforts (SB 187, SB 195 Dupre). Louisiana must generate greater national attention to this national issue. Now that a near-term coastal restoration plan has been finalized by the state and the Army Corps of Engineers, Governor Blanco and our state's congressional delegation are working to secure federal funding for this plan.

In the same way states receive royalties from drilling on federal land within their borders, Louisiana believes it should receive a portion of the royalties derived from drilling in federal waters off its coast. Drilling off Louisiana's coast has been generating an average of \$5 billion each year for the Federal treasury – and Louisiana gets almost none of those revenues. Other states receive 50 percent of all royalties derived from drilling on Federal lands within their borders.

In an effort to bring attention to this issue and to send a message that Louisiana is committed to restoring its coastline, Governor Blanco will be submitting a constitutional amendment to the legislature calling for any new federal funding derived from drilling on the outer continental shelf to be exclusively dedicated to the state's coastal restoration efforts.

Impose stronger penalties for wastewater discharge violations (SB 188 Fontenot). Under a bill proposed by Governor Blanco, willful and knowing violations and false statements associated with the permitting and operation of wastewater discharge facilities, governed by the Louisiana Pollutant Discharge Elimination System (LPDES), will no longer be misdemeanors, but felonies.

Designation as a felony will allow for harsher penalties, provide for the recovery of the costs of investigation and prosecution, will make prosecutions of these crimes by district attorneys more cost effective, and will provide a greater deterrent to those who willfully and knowingly violate Louisiana's environmental laws.

Creating a More Ethical, Efficient and Effective Government

“Governing magazine gave Louisiana a solid B for the way we run our government and manage taxpayers’ money. Only seven other states earned a higher grade. We’re working hard to make Louisiana government more efficient, more responsive and a better steward of taxpayers’ money. And reports like this suggest that our work is proving successful.

“Everything we do in the coming budget year, we do in the shadow of a \$400 million cut in Medicaid payments from the federal government. Facing that big drop in income, we did what every prudent Louisiana family would do . . . we cut spending now.

“I asked state agencies to save \$50 million this year – savings that will carry over to help fill next fiscal year’s budget shortfall. I also asked state agencies to cut another 3.5 percent of spending in the coming budget year.

“I exempted higher education from this 3.5 percent reduction but combined with other direct cuts in general government, we will reduce spending by another \$112 million in the coming fiscal year. I have also ordered agencies to absorb an additional \$82 million of inflationary cost increases in health insurance, retirement, merit raises and other areas.” –Governor Blanco

Strengthen our ethics laws (HB 694 Dorsey, HB 728 R. Carter). To create a more ethical government, Governor Blanco is supporting two bills that will strengthen her hand as she promotes Louisiana to out-of-state CEOs.

One bill would close a gap in our ethics laws and require legislators and legislative candidates to disclose their sources of income. Louisiana law currently requires legislators to disclose income received from the state and/or its political subdivisions, and incomes received by gaming interests.

This legislation would strengthen current provisions to provide for more detailed disclosures similar to the governor's disclosure requirements and the disclosure standards for members of Congress.

This will allow the public to identify any connections between politicians and special interests. The Governor is required to make this disclosure, as are members of Congress. Many state Legislatures have the same requirement. Governor Blanco believes it is time the Louisiana Legislature considers this important issue.

A second ethics bill will help give Louisiana the absolute independence we need for those who handle our retirement systems' investments. The legislation will close the food and drink loophole in our Ethics Code for retirement officials. It would prohibit retirement officials from being wined and dined by those seeking to do business with retirement systems.

Streamline State Purchasing (HB 432 Alario). In order for Louisiana’s government to operate more efficiently, it is important that the state have the ability to enter into requests for proposals (RFP) for bulk purchases of supplies, services and equipment.

Currently, state government can only enter into these agreements for IT equipment and complex services.

By broadening this scope, state government can streamline purchasing so that Louisiana can get the best price for more goods and services. We will target the areas of greatest volume, so that we can see major cost savings. This legislation will put Louisiana on equal footing with the majority of states.

Increase interagency data sharing (HB 431 Lancaster). At-risk children often need assistance from more than one state department or more than one division within departments. Navigating bureaucracy can be difficult and frustrating for children and families. Additionally, services provided without comprehensive data are not proven to have successful outcomes.

In an effort to provide seamless integrated services and to ensure a comprehensive approach as mandated by juvenile justice reform – including early intervention, diversion, treatment, and rehabilitation – data sharing within government agencies is critical. Sharing data will enable agencies to improve program efficiency, find intended beneficiaries, evaluate program performance, identify trends in service needs, and target funding toward early intervention and community-based efforts.

Legislation proposed by Governor Blanco will eliminate state barriers to information sharing across the four primary child-serving agencies – Education, Social Services, Youth Services, and Health and Hospitals; provide for the maintenance of confidentiality; and establish a central repository of data for planning and evaluation.

Rapid Response Fund for economic development (HB 460 Alario) - Last year, \$10 million was allocated for rapid response. Governor Blanco proposes to reallocate this funding stream and allow funds to carry-over year to year. By creating a dedicated fund to retain any such unspent balances, Governor Blanco wants to guarantee that funding will be allocated to rapid response on a yearly basis to maintain a competitive status with other states.

Restore the state and municipal general liability cap (HB 247 Johns). We must restore the general liability cap to state and local government to the original intent of the Legislature by reversing the Lockett Case. The original intent was that general damages be limited to \$500,000 per injured victim rather than \$500,000 per plaintiff. This cap will not only protect localities from unaffordable judgments, but it will also assure that injured victims are given just compensation.